

# FEDERAL HISTORIC TAX CREDIT

## What is it?

A 20% FEDERAL INCOME TAX CREDIT  
ON THE QUALIFIED AMOUNT OF  
PRIVATE INVESTMENT SPENT ON  
CERTIFIED REHABILITATION OF A  
NATIONAL REGISTER LISTED  
HISTORIC BUILDING.

The Federal Historic Tax Credit Program (a.k.a. Investment Tax Credits or Rehabilitation Tax Credits) is one of the most useful incentives for encouraging the preservation of the state's historic resources. It is a proven, effective tool for **COMMUNITY REVITALIZATION, JOB CREATION**, aids in **DISASTER RELIEF AND PREPAREDNESS**, and is inherently **SUSTAINABLE**. Since 1977, over 250 properties in Washington state totaling nearly \$900 million dollars have been completed using the Federal Historic Tax Credit Program. Applications have averaged approximately 15 per year, with total qualified rehabilitation expenditures per year ranging from several million dollars to more than \$60 million. The smallest project ever certified was \$14,000, while the largest ever certified was nearly \$40 million.

## How do I qualify?

There are four threshold requirements for a project to become certified (*further explanation on back*):

1. Must be listed on the **National Register of Historic Places**.
2. Property must be **income producing**.
3. Project must be **substantial**.
4. Rehabilitation work must meet the *Secretary of the Interior's Standards for Rehabilitation (Standards)*.

The Federal Historic Tax Credit program is jointly administered by:



DEPARTMENT OF  
ARCHAEOLOGY &  
HISTORIC PRESERVATION  
*Protect the Past, Shape the Future*

SIERR Building at McKinstry Station  
Certified 2012 | Spokane, WA



image courtesy of McKinstry

There is a plethora of information and guidance for the program. Click the image below to download the brochure. You can also find technical guidance on the DAHP and NPS websites (see links below).

## Historic Preservation Tax Incentives



← Click the image  
to download the  
Federal Historic Tax  
Credit brochure

Or visit one of the  
following websites  
for more info:

[www.nps.gov/tps](http://www.nps.gov/tps)  
[www.dahp.wa.gov](http://www.dahp.wa.gov)

Application Forms  
can be here:  
[Instructions](#)

[Part 1 Evaluation of  
Significance](#)

[Part 2 Description of  
Proposed Work](#)

[Part 3 Certification of  
Completed Work](#)



National Park Service  
U.S. Department of the Interior  
Technical Preservation Services

# FEDERAL HISTORIC TAX CREDIT

## How do I qualify? (continued from front)

1. Building must be listed in the **National Register of Historic Places**, either individually or as a contributing property to a district.

*If you're unsure about the status of your building, visit our online database of historic properties ([WISAARD](#)) to find out! You can also use our website to find out more information on how to become listed in the [National Register of Historic Places](#).*

2. Property must be **income producing** for at least five years following rehabilitation. This may include but not be limited to proposed uses such as hotel, restaurant or bar, retail, office, rental residential, industrial, or agricultural. Owner-occupied residential properties thus do not qualify.
3. The project must be **substantial**. This means the amount spent on "Qualified Rehabilitation Expenditures"\* (QREs) must equal or be greater than the "Adjusted Basis" value\*\* of the property.

*\*Qualified Rehabilitation Expenditures (QREs) can be soft or hard project development costs, and not necessarily reserved for historic character defining features of a property.*

*\*\*Adjusted Basis value is an IRS term to determine the "value" of a historic property using this basic formula:*

$A - B - C + D = \text{adjusted basis, whereas:}$

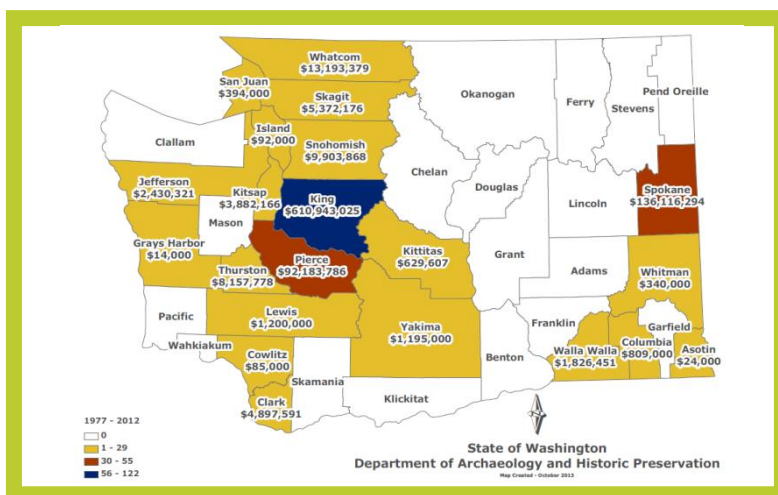
$A = \text{purchase price of the property (building and land)}$

$B = \text{cost of land at time of purchase}$

$C = \text{depreciation taken for an income-producing property}$

$D = \text{cost of any capital improvements made since purchase}$

4. The rehabilitation work must be done according to the **Secretary of the Interior's Standards for Rehabilitation (Standards)**. For further information on how to interpret these Standards, please contact our office, visit the NPS website, or hire a qualified architect or historic preservation consultant.



### CERTIFIED REHAB PROJECTS & TOTALS BY COUNTY 1977-2012

Since 1977, over 250 properties in Washington state totaling nearly \$900 million dollars in qualified rehabilitation expenditures have been certified.

**"MY PROJECT COULD NOT HAVE HAPPENED WITHOUT THE FEDERAL HISTORIC TAX CREDIT... NO TAX CREDITS, NO PROJECT..."**

**Ron Wells, Developer**  
Wells and Company



For additional information, please contact:

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